BENJAMIN G. COX

An Interview Conducted by

Frances Hughes

October 1, 1980

09/17/80
DATE

NARRATOR DATA SHEET

Name of narrator: Benjamin G. Cox

Address: 914 South Center St. Phone: 232-3936

Birthdate: 03/24/15 Birthplace: Terre Haute

Length of residence in Terre Haute: 65 years

Education: University of Michigan, BSE and JD

Occupational history: Practice of law 1939 to date

Special interests, activities, etc.

See _Terre Haute and Her People of Progress_, 1970, "Benjamin Guille Cox," 74, 246. (Vigo County Public Library Special Collections)

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Date	Time	Location	Interviewer
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*Short in recorder resulted in unsatisfactory tape. Interview rescheduled.

BENJAMIN G. COX
Tapes 1 & 2
October 1, 1980
701 Merchants National Bank Building, Terre Haute, Indiana
INTERVIEWER: Frances Hughes
TRANSCRIBER: Kathleen M. Skelly
For: Vigo County Oral History Program

FH: Today I'm interviewing Benjamin G. Cox of the law firm of Cox, Zwerner, Gambill and Sullivan in his office in the Merchants National Bank Building. The date is October 1, 1980. This interview will be about the history of banking in Terre Haute.

Mr. Cox, your father was president of several banks here from 1921 until his death in 1938, wasn't he?

COX: Yes, that's right.

FH: In view of this you probably know as much as anyone in Terre Haute about the history of the local banks. Will you tell us about it?

COX: I don't know that I know as much as anyone else, but I have been exposed to banking for a number of years through my father and since his death, my own personal relationships with the banks in Terre Haute in the practice of law.

I suppose if we're going to discuss the history or the development of banking in Terre Haute, we should start with the first of the banks that appeared in Terre Haute insofar as the government banks are concerned. The first bank that appeared under government supervision . . . the reason I say that is [that] for years and years we've had private banking facilities. In the earlier years [they were] not so much subjected to regulation, but in later years and now [they are] regulated by the same type of supervisory authority as governmental banks. The first governmental bank that appeared in Terre Haute was the Terre Haute branch of the State Bank of Indiana. The State Bank of Indiana was a bank chartered by the legislature of Indiana with branches throughout the state in 1834. That bank . . . I should say this about both this bank and the next bank that appeared prior at least to the Civil War in an era when banking was not only exciting but treacherous for the public in many areas: we can be proud in Terre Haute and in Indiana that each of the state banks that appeared prior to the Civil War survived the panics that

COX: occurred. [They] were directed by sound business judgment and people of Terre Haute -- many of whose names will be familiar when we mention them -- who contributed to the banking history of the town.

The State Bank of Indiana included among the personnel who were active in that bank W. R. McKeen, whose name will show up. His family still is represented in Terre Haute, but his name comes down through banking in Terre Haute. In addition, in that bank there was Mr. Demas Deming of that generation. There have been other Demas Demings [who] functioned in that bank. I'm also going to mention Preston Hussey of that bank because his family is an old family in Terre Haute. These three gentlemen also appeared in later banks that are represented today and whose beginnings include the personnel as well as common organization with the State Bank of Indiana.

The State Bank of Indiana's charter expired in 1857. Actually, its charter was for 20 years -- 1854 -- but it took until 1857 until the affairs of that bank were wound up and other banks were organized to take over the business of that bank.

The State Bank of Indiana has as its later successors the Terre Haute National Bank, to which I will refer a little later. Mr. McKeen of the early bank became interested or became involved in another bank, the Tousey Brothers Bank, in 1855; and the Tousey bank to which Mr. McKeen went from the State Bank of Indiana ultimately became, through reorganizations and successors, the McKeen National Bank. Now, I mentioned the Terre Haute National Bank and the McKeen National Bank because those banks will figure in the development of our current banking situation in Terre Haute.

Well, as a matter of fact, Demas Deming continued to participate in the Bank of the State of Indiana, which was the next bank organized by charter from the state of Indiana with branches. It started in 1857, and I should say -- as I referred to a minute ago -- that this bank, although it had only just started when the Panic occurred, survived the Panic of 1857. That panic, if you can remember your social studies and histories in school, was the one in which our federal . . . our United States banks had such a colorful and exciting time. As a matter of fact, federalwise, that's the period in which Congress began the development of [the]

COX: National Banking Act under which our federal banks now are operated.

Demas Deming then finally became an officer of the First National Bank of Terre Haute. I have so far mentioned the First National Bank of Terre Haute, the Terre Haute National Bank, and the McKeen National Bank and have at least referred to the personnel sources that they had in these two early state banks.

Now, I suppose it would be of some interest to recognize that with the expiration of the charter of the Second Bank of the State of Indiana -- the one that started in 1857 -- that takes us through the Civil War. As far as the state is concerned through that period from 1857 through the Civil War, the banking industry was having an exciting time. In 1873 the legislature organized the . . . not organized, provided statutory bases for the authority to organize state banks, or banks under state charter as banks with private stockholders. They were not banks directly operating under the supervision of the state as a state agency. Our state banks today are of this private stockholder type and are not governmental agencies as the early banks were. Our state banks today operate just in very much the same fashion as the national banks, but they're private corporations. /Let's/ put it that way. And it was 1873. Of course, /after/ the Bank of the State of Indiana wound up, there were no longer any banks in the state of Indiana organized and operated by the state itself.

So, in 1873, it was possible -- with the passage of that legislation -- to organize state banks such as we have today. The Indiana State Bank is a state bank organized under legislation of that type.

FH: That bank was organized for the community out there -- the East End merchants, wasn't it?

COX: Oh, that's true. In fact, most of the state banks throughout the state of Indiana organized under the state banking laws were designed to operate in, I suppose we should say, financial commerce areas. But with transportation what it was in those days, the state banks as well as the national banks were organized in areas to serve communities of people. I should say that the Indiana State Bank itself is governed by the laws of the State of Indiana, all of which were completely

COX: remodeled in 1933. I mentioned 1873 as the statute under which banks of the type of the Indiana State Bank were organized. Our current law was all remodeled in 1933, and they're governed by that law now.

Among the state banks, of course, there's not only the Indiana State Bank of Terre Haute, which was organized in 1906, but in addition to that we had the State Bank of West Terre Haute, which was organized in 1904, and the Twelve Points State Bank, which, as I remember, was organized in 19 . . . I don't remember it, but the information I have is [that] it was organized around 1919. Now, reference to these banks is of interest, too, because the history of banking in Terre Haute, of course, suggests considering what happened to them.

Before we bring it down to see what happened to some of these banks that I have mentioned . . . and I have mentioned the McKeen National Bank, the Terre Haute National Bank, the First National Bank of Terre Haute, the Twelve Points State Bank, the State Bank of West Terre Haute, and the Indiana State Bank. I haven't yet mentioned the Terre Haute Savings Bank.

The Terre Haute Savings Bank was an early bird. It was organized back in 1869 and still is operating under its organization as it was formulated in 1869. The reason I make that remark is that the authority to organize banks of the type of the Terre Haute Savings Bank no longer exists. There are four of the banks of this type in the state of Indiana, the Terre Haute Savings Bank being one of them. There's a savings bank in Evansville. I believe it's called the Peoples State Bank, and there's one in LaPorte and one in Lafayette.

These banks -- the savings banks -- were organized to perform a distinctive function and that was to provide a place for wage-earners and the people who could have savings to put their savings and to pool their savings. [This would] then provide a fund, represented in the combined savings, by which the depositors of the savings banks could finance their homes and such other things as needed financing by pooling their resources. Then the earnings of the savings bank are to be distributed among the depositors because the savings bank has no stockholders. The

COX: The savings bank is governed by a board of trustees which is appointed by the circuit judge of the county. Thus, there's the savings bank.

Let's see, I haven't mentioned the U.S. Trust Company which is significant insofar as our current banks are concerned. The United States Trust Company was organized in 1903. Now, I've mentioned the state banks. Yet the United States Trust Company and another bank or trust company -- the Terre Haute Trust Company which is no longer in existence -- are state financial institutions as distinct from those institutions which we call banks. /They/ are, as the name implies, trust companies.

The United States Trust Company was organized as a state institution as was the Terre Haute Trust Company. The Indiana laws beginning in 1893 provided for organizing trust companies. The main difference between a trust company and a bank, insofar as the two institutions are concerned, is that the trust company was given specific powers to act as a trustee. A trustee is a person or an institution who holds property for one person to dedicate it to whatever use the owner directs. In more recent times, however, trust companies and banks -- both nationally and statewide -- are authorized to perform both trust and depositary functions. So there isn't any really significant difference between the two types of institutions.

Let's see . . . now then, I've mentioned all of the banks that I have any recollection of having heard about except the Citizens' Trust Company. It was organized as the Citizens' Trust Company and before it went out of existence -- and I'll refer to that -- it became a national bank as I remember it. It was called Citizens' National Bank and Trust Company. That back built the 12-story building on the west side of 6th Street between Main /Wabash Avenue/ and Ohio /Street/ which we call the Sycamore Building. Its banking quarters were on the ground floor, and it built the building with rental quarters. That bank went out of existence, as I remember it, in . . . it was either /19/29 or '30. I'll mention banks going out of existence in a minute to refer, at least, to what happened to the Terre Haute banks which went out of existence involuntarily as distinct . . . . See, some of the Terre Haute banks -- we had a number of them, 10 or 11 of them, in the twentieth century -- but some of the banks were

COX: liquidated not involuntarily because of any difficulty but because whoever owned the bank liquidated their investment. These banks were operated as private banks with investment that went elsewhere, but there was no difficulty.

Now, take our banks. What's happened to some of these older banks? And what banks do we have now, and what are their origin, at least insofar as I can remember?

First, I'll refer to the Terre Haute First National Bank. That's the bank that my father wound up as president of. But that bank, at the moment, comprises an amalgamation of the Terre Haute National Bank, the First National Bank of Terre Haute, the McKeen National Bank and the United States Trust Company. And it came about this way. Congress passed a law that was commonly referred to as the McFadden Act back in 1927. /I am/ kind of proud of my father on this because under his guidance as soon as that law provided the authority for and the manner in which a state bank could merge or consolidate with a national bank, the Terre Haute National Bank, which was located at the southwest corner of 5th and Main /Streets/ where Malooley's place is now . . .

FH: Saratoga.

COX: . . . /Where the/ Saratoga restaurant is now, merged with the United States Trust Company. /Its/ main offices were at the same location where the Terre Haute First National Bank's main office is now at 643 Wabash. That was in 1927.

In 1928, the McKeen National Bank which was located at the northwest corner of 6th and Main merged with the First National Bank of Terre Haute, whose offices were at the present site of the downtown branch of the Terre Haute First National Bank located halfway between 5th and 6th on the south side of Main Street. It may be of interest to note here that Mr. Paul N. Bogart was the president of the First National Bank of Terre Haute and became the president of the First-McKeen National Bank, /which/ is what that bank was called, because Mr. Bogart figures later in one of the other banks . . . two of the other banks that I'm going to mention.

FH: Wasn't the full name of that [the] First-McKeen National Bank and Trust Company?

COX: I think . . . yes, that's quite right. It was. That's right.

The location of the McKeen National Bank was abandoned. Incidentally, on top of the McKeen National Bank was Mercury -- a statue of Mercury -- which, I believe, is now located in the historical museum. But that was a landmark downtown. Mr. Crawford McKeen was the president of the McKeen National Bank when it merged with the First National Bank of Terre Haute, and he is of the same family of the W. R. McKeen whom we referred to earlier.

Okay. So then we have the First-McKeen National Bank and Trust Company. Then down the street at the present location of the Terre Haute First National Bank on the merger of the Terre Haute First National Bank and the United States Trust Company, there was the Terre Haute National Bank and Trust Company.

Then in 1928, a year later -- maybe 18 months, at least it was 1928 -- the First-McKeen National Bank and Trust Company merged with the Terre Haute National Bank and Trust Company and became the Terre Haute First National Bank which is what we have today. In 1932, the Terre Haute First National Bank came into existence by the merger of the First-McKeen National Bank and Trust Company and the Terre Haute National Bank and Trust Company. The Terre Haute First National Bank carries the same federal charter that the Terre Haute National Bank had and that's charter No. 47. At least the banking fraternity looks at that with respect because you can imagine what an early charter that is when it is noted that each of the national banks throughout the country are consecutively numbered. I expect there are three or four thousand or more national banks, but it carries charter 47.

FH: That charter number went back and forth down through several banks before it came back, didn't it?

COX: The Terre Haute National Bank carried that charter from the time it was organized. You see, that's a national bank . . .

FH: Yes.

COX: . . . and you cannot transfer charters from one bank to another. What happens [is that] if two national banks should happen to merge, because of pride they would take the earlier charter. But the charter that is not used is cancelled and revoked so that the Terre Haute National Bank had charter 47.

FH: I mean it came to them down through several mergers?

COX: I don't know that. It may have, but I don't know that. I had always thought that the Terre Haute National Bank as such was the bank to whom charter 47 was issued. Now the banks of which the Terre Haute First National Bank is the outgrowth were not national banks. They were state banks emanating from the State Bank of Indiana, the 1834 one. But . . . at least that's my recollection. The books may show me wrong, but I do know that charters are not transferable and so the Terre Haute National Bank got this charter 47 as the first national bank with this charter. So that takes care of what's happened to the McKeen National Bank, the Terre Haute National Bank, the First National Bank of Terre Haute, and the United States Trust Company.

Now, the State Bank of West Terre Haute was acquired by Terre Haute First National Bank and became a branch for a while and . . . . well, still is a branch. But it doesn't carry the name of State Bank of West Terre Haute any more. Of course, the Terre Haute First National Bank has its branch located over in West Terre Haute so that the separate building autonomy of the State Bank of West Terre Haute has gone -- although the State Bank of West Terre Haute was located about two hundred yards east of the current West Terre Haute branch on the south side of that street. I'm afraid to say what it is because National Avenue is the other one. It's the street that if you go straight instead of following U.S. 40, it's on the south side of the street and I don't remem-- . . . . I haven't looked at it recently, [to see] whether the facade of the bank is still there or not.

FH: It's a few blocks east of [U.S. Highway] 150.

COX: That's true; that's what I meant.

FH: The old bank building.

COX: The old bank. I believe that the current branch of the First National Bank is on 150 there, isn't it?

At any rate, I think we're saying the same thing; we just have a different approach to it. That's the State Bank of [West Terre Haute].

Now, the Twelve Points State Bank was acquired and became a branch of the Terre Haute Trust Company to which I've made reference. The Terre Haute Trust Company . . . I don't remember the exact date of its organization, but judging from the statutes under which it was authorized to organize trust companies, I believe it was organized around 1900 -- the first ten years or so in 1900. So the Twelve Points State Bank became a branch of the Terre Haute Trust Company. The Terre Haute Trust Company was located on the southeast corner of 7th and Main which is the present location of the Merchants National Bank of Terre Haute.

The Terre Haute Trust Company suffered the problems that many, many banks throughout the country suffered in 1933 -- well, '32 and '33. What happened generally was the banks loaned the depositors' money out and . . . to illustrate it, if a bank has ten thousand dollars worth of deposits and it loans out eight thousand dollars to farmers and business people and so on, that means it has two thousand dollars in its cash register that it can use for doing business cashwise with its depositors. Now, the depression -- beginning with the stock market crash in October of [19]29, I guess it was, and through a period of two or three years there -- was financial panic. More people wanted their money in cash than many of the banks could raise. Because [since] at the same time they had the depositors' money loaned and mortgaged on a farm, you couldn't use [it] to pay off your depositors. The people who borrowed the money couldn't make their payments, and so they got caught in the squeeze and that resulted, as a matter of fact, in the bank holiday. That's what we called it when Franklin Delano Roosevelt . . . . Back in those days the President took over on March 4 instead of January 20 the way he does now. Franklin Delano Roosevelt became President and promptly . . . within a day or two -- I can't remember whether it was March 9, I believe . . .

FH: March 6.

COX: /On/ March, the 6th, /he/ declared a bank holiday or a bank moratorium. In other words, /he/ closed all of the banks. Ordered them closed, the idea being to give the banks and the financial community of the nation an opportunity to take stock of the condition and figure out some way to break the log jam. The moratorium rules, or at least the announcements, contemplated that they should last four or five days. But they lasted a couple of weeks before all of the banks were released from it. We can be very proud in Terre Haute, I believe. Incidentally, the Terre Haute Trust Company was closed and never opened, but I think we can be proud that the Terre Haute First National Bank was permitted to open the very next day, and it was the result of the analysis of its financial condition and capacity to operate.

Well, the Terre Haute Trust Company was not able to open and what happens then is it is necessary to liquidate in an orderly fashion. In other words, these farms and buildings and that sort of thing where the money was invested . . . it takes time to either get them sold or get the money out of it so that the depositors can be paid. If not, they had a law then -- which is since no longer the law -- that stockholders, in addition to losing the investment they had in their stock, were subjected to assessments of /an/ equal amount. If a stockholder had owned $100 worth of stock, why, he was obliged to put up another $100 to try and raise the money for the depositors.

What happened with the Terre Haute Trust Company was that liquidating trustees were appointed and then the Merchants National Bank of Terre Haute was organized by investors as an independent bank and purchased the assets of the Terre Haute Trust Company that the Merchants bank deemed to be appropriate. It was organized in 1934. It may be of interest to note that this Mr. Paul N. Bogart, whom I mentioned, had been president of the First National Bank of Terre Haute and then president of the First-McKeen National Bank and Trust Company of Terre Haute. He was then vice president of the Terre Haute First National Bank when my father was president of it. When the Merchants National Bank of Terre Haute was organized, he was asked to assume the responsibility as president, and he did so and was president of the Merchants National Bank until he died.

FH: Now, during the tragedy of the closing of the Terre Haute Trust Company three honorable men tried to straighten it out.

COX: Yes. There were three of the presidents of the Terre Haute Trust Company /who/ committed suicide. They were caught in the bind that I mentioned and as you say, they were all honorable men and the pressure just got more than emotionally and physically /and/ psychologically they could stand, and there were three of them who committed suicide. As a matter of fact -- not to be ghoulish about it but this was not an uncommon problem -- in New York, people were jumping out of windows and all of that sort of thing. But that was . . . you're quite right, a tragedy.

Now, the Terre Haute Trust Company when the Merchants National Bank acquired its assets, included among /its/ acquisitions the Twelve Points State Bank -- erstwhile Twelve Points State Bank branch of the Terre Haute Trust Company. And, of course, the Merchants National Bank continues to operate a branch in the location of the earlier Twelve Points State Bank.

Now, let's see . . . the only thing that I remember about the Citizens National Bank and Trust Company is that it suffered a fate similar to the Terre Haute Trust Company but a couple of years earlier.

As far as the banks are concerned, I think that brings us down to date. Well, yes, the Indiana State Bank continues to operate in the east end and with its branches; the Terre Haute First National Bank continues to operate with its branches; the Merchants National Bank of Terre Haute with its branches; the Terre Haute Savings Bank continues to operate and that includes the banks we have . . . . Oh, I haven't said anything yet about the Morris Plan.

The Morris Plan Bank is another distinctive type of bank. I can't remember when the local Morris Plan bank was organized. I'm not presuming to have been alive then, but I can't (laughs) remember from reading.

Do you know, Frances?

FH: No, I don't. I'm trying to think who was president of it for many years.

COX: Well, Fred Waldron was there for years and years, I know. Of course, Jack Biel was active for years. I think he still is as far as that's concerned.

COX: But the Morris Plan bank is a little bit different. Well, let's say it this way. I suppose if I had capital money that I wanted to loan out, I could open up an office and invite people to come in and borrow money and take mortgages and that sort of thing and earn my money that way, but I couldn't take deposits. I couldn't let people come in and give me their money to loan out. Well, the Morris Plan /in/ the law under which it was organized, I think they called them industrial banks -- I've forgotten the name -- instead of Morris Plan. As a matter of fact, the word Morris Plan -- although it is common throughout the country /for/ there are Morris Plans in many places -- came from a fellow named Morris who developed the plan under which they operate. They take deposits. They're primarily mortgage lenders, although I believe that they've broadened and do other things, too. But they weren't originally designed to perform the functions of either the general commercial bank or the trust company.

Now, for one reason or another -- I don't know what that reason was -- the law has been changed so that you can't organize Morris Plan banks in Indiana any more, and we have only a limited number of those. Well, there is certainly one in Terre Haute, and there's one in Indianapolis, and I believe there are three or four more throughout the state. I don't know where they are. But that's the Morris Plan. It's located on the west side of 7th Street between Main and Ohio.

So, I guess that takes the banks. Now, as far as these people are concerned . . . I've mentioned the McKeens, and I mentioned Mr. Bogart. My father was mixed up in banking from 1921 when Mr. John L. Crawford died -- in 1921 I believe it is -- when he was president of the Terre Haute National Bank. Mr. Crawford's daughter is still in town. McKeens, Bogarts, the Royses . . . the Royse family is a banking family of long time. The Royses were banking in the . . . when the Merchants bank was organized, Mr. Bogart became president, but John T. Royse was vice president /and/ later became president. His son now, Mr. John N. Royse, is president of Merchants National Bank.

I mentioned when we started, my family and also business interests in banking. I happen to be on the board of directors of the Merchants National Bank and am able to do some legal work for them. My brother,

COX: W. N. Cox -- that was my father's name -- Wilson N. Cox, Jr. is a lawyer here. He is also on the board of directors of the Terre Haute First National Bank. And I have a brother that is not a banker though. I have a twin brother who's an artist (chuckle). His name is John.

FH: And a darned good one!

COX: Well . . . I don't know, Frances, is there anything else?

FH: Your father succeeded John L. Crawford and also, from 1925 through 1932, he was president of the State Bank of West Terre Haute. Now both of these banks were involved in the depression days, and it was your father as I understand it who pulled them through that bad time for banking.

COX: Well, I certainly want to thank you for saying that. I don't think it can be said that any one man pulled anything through. But my father happened to be president of those banks, and they came through with flying colors, and I'm proud of it. I think that, really, it was the loyalty of some of his friends, too.

FH: When the Terre Haute National Bank and the United States Trust merged in 1927, he continued as president of the Terre Haute National Bank and Trust Company.

COX: That's true.

FH: Then when that one merged with the First-McKeen in 1932, he also continued . . .

COX: That's right and Mr. Bogart was . . .

FH: . . . as president.

COX: . . . and Mr. Bogart was vice president. That's true.

FH: That's right.

COX: There's one other name that I think probably would be of interest to some of us in banking. The United States Trust Company . . . at the time it merged with the Terre Haute National Bank, its president was Mr. William K. Hamilton. However, Mr. William K. Hamilton

COX: was preceded by Mr. Herman Mayer, and that family is still in town. One thing that might be mentioned here is that Mr. John Mayer, who is the son of Mr. Herman Mayer, became president of the Mellon Bank in Philadelphia.

FH: That's one of the biggest.

COX: . . . one of the biggest banks in the country so that some of these banking families have kind of gone far and wide.

FH: Now, you didn't mention building and loans, Ben.

COX: Well. Yes. My information on the building and loans is a little bit more sparse. I will say this that there were a number of . . . I'll call them building and loans or savings and loans. The two terms generally mean the same kind of an institution. The federal savings and loan associations governed by the federal law are generally called "savings and loan" associations. The same kind of an institution, governed and operating under Indiana law, is just commonly called a "building and loan" association. The function of most of the -- . . I'll call them savings and loan since the word seems to come easier for me -- was not dissimilar to the savings bank. Most of the savings and loans . . . although nowadays there are stock companies, most of the savings and loans and the building and loans contemplated that the depositors -- the savers -- would put their money in the institution. The institution [was] generally restricted to mortgage loans and predominantly residential mortgage loans [and] used the depositors' money to make the loans. There are no stockholders generally, and the earnings of the savings and loan or building and loan [companies] are paid out to the depositors by way of interest.

The federal savings and loans are governed or operated under the supervision of the Federal Home Loan Bank. The national banks are operated under the supervision of the Comptroller of Currency, a federal officer, and the Federal Reserve System.

The state building and loans as well as the state banks are operated under the supervision of the Indiana Department of Financial Institutions. It was very elaborately redone and overhauled by the 1933 Indiana statute that I made reference to.

COX: Now, we have in Terre Haute, I believe, at least five . . . and if I say six, there will be six. I'll see if I can remember who they are. (chuckle) We've got the Central Federal Savings & Loan Association, a federal one, at Walnut and 8th Street. We've got Mutual Federal Savings & Loan Association, which used to be Terre Haute Mutual. They changed their name because they acquired a branch in Sullivan. /The/ Mutual Federal Savings & Loan Association /is/ on Ohio Street between 4th and 5th on the north side of the street. We've got /the/ Wabash Federal Savings & Loan Association; that's between 3rd and 4th on the north side of Main Street. We've got Merchants Savings Association and that is a state institution at the southwest corner of 6th and Main. We've got /the/ Indiana . . . now, I think it's Indiana Savings & Loan Association. For years and years it was at the northwest corner of 7th and Ohio and was referred to as Indiana Building & Loan. I think it's called Indiana Savings & Loan Association now, and it's at the southeast corner of 7th and Ohio.

Earlier on in years we've had . . . well, for instance, we had the Fort Harrison Savings & Loan Association which . . . was on the north side of Main Street just east of the Terre Haute House. It merged with the Wabash Federal Savings & Loan Association.

FH: Now, all of these financial institutions are protected with federal money? The depositors are protected now?

COX: They are all now up to $100,000. The federal . . . they each have two organizations. I say by "they," you've got the savings and loan organization -- that's the Federal Savings and Loan Insurance Corporation (FSLIC). You may have heard it in their ads. The other one is Federal Deposit Insurance Corporation. That takes care of the banks, and that's /the/ FDIC. They're government-supervised corporations that provide insurance coverage up to $100,000 per depositor now. I think both those organizations advertise, and it's certainly true that no financial institution insured by either one of them has ever lost a dime.

END OF SIDE 1

FH: In other words, a depositor could have money -- a hundred thousand dollars -- in each bank and each building and loan and each member of his family could [also] and still be protected for that money?

COX: That's quite true. Each of the financial institutions is a separate institution and if you had $100,000 in a savings and loan, or $100,000 in each of the five savings and loans I've mentioned, in your name, why, you would [have] $100,000 insurance in each one. It's per depositor so that a man and his wife could have two separate accounts of $100,000 each in any one or more institutions, and they would be each insured up to the $100,000. And there also . . . I'm going to get into the area where I may or may not be exactly right, but this principle exists. For instance, I could have an account in my own name alone for $100,000; I could have an account in my wife's name or she could have an account in her name alone; and then we could have a joint account -- a joint account is a different set of depositors than the individuals -- and have another $100,000 insured. So the rules are very generous from the standpoint of being able to invest your money in the financial institutions. And I guess when I say that . . . both the banks and savings and loans, as you know from the advertisements, advertise that deposits are good investments.

Well, you have all kinds of deposits. You have, of course, the checking account. Normally, although the financial community is in a state of ferment now in Indianapolis and Washington, but at least traditionally the checking account was what is called a demand deposit. In other words, you can write checks on it, and the checks you write you can give to somebody else and let him go in and get the money. Whereas a savings account . . . generally, the only person who can withdraw money in a savings account is the depositor; so it would be difficult for me, for instance, to pay a grocery bill by handing the grocer an authority to withdraw my savings account because he's not me. But I could give him my check. That's what a check is.

Okay, the checking accounts normally did not pay any interest, the idea being that if the bank theoretically had to give a person his money on demand, that restricted the bank's capacity to invest his money. Since the bank could not invest his money because it would have to keep it for him, why then it couldn't

COX: earn money on it and therefore couldn't pay interest. Also, the bank's cash reserves for checking accounts are very carefully supervised. The bank has to keep cash reserves that don't earn money. /The banks/ keep deposits with the Federal Reserve Bank, for instance, that don't earn money, and therefore they have traditionally not paid interest on checking accounts.

Then there are time deposits. That's the savings account generally. 'Though /neither/ the banks nor the savings and loans enforce this rule as long as they don't have to, theoretically they have a right to make you wait 30 days on a savings account before withdrawal. They don't do that, but the fact that they would have that privilege means that they could invest money; and therefore if they can invest your money, they ought to pay you interest which they do. Now, the interest rates are very carefully governed by the authorities. However, the savings bank and the savings and loans are permitted to pay a little higher interest on their time deposits than the commercial banks are. The theory I imagine being . . . when I discuss these things, I'm getting into the banking fraternity where you've got many pros and cons and middles as to whether these things are right or wrong, but I'm going to try to tell what I think the theory of it is. The savings and loans are permitted to pay a fraction of a per cent of interest -- I believe it's a quarter of a per cent -- higher than the authorities will permit the commercial banks to pay. The idea there /is/ that the savings and loans theoretically -- generically, is a better word -- generically were organized for purposes of making, primarily, mortgage loans on residential mortgages. Then their depositors know that and the demands upon having cash available were considered to be less so that they could pay a higher rate.

Now then we have a new type . . . I say new, it's been within the last . . . well, I'll say five years. I don't know. I have no idea of time any more. But they have certificates of deposit. Now, this is not to say that they didn't have certificates of deposit twenty years ago. They did. But certificates of deposit in the common parlance -- certificates of deposit being made available to the general public -- is a comparatively new development. A certificate of deposit is nothing more than a time deposit. If you remember, I said a savings account generally is called a time deposit; because under the rules, if the

COX: institution wanted to, it could require some time before you can take it back. They don't do that normally and most now permit you to withdraw your savings -- just go in and take it out whenever you want to. But a certificate of deposit is a time deposit. And it is called a certificate of deposit, I guess, because you are issued a certificate that says that the financial institution will pay you (say it's $10,000) $10,000 on a certain date. So that if you get one . . . (this is October 1) if you get a certificate of deposit for six months -- they have 182-day ones and we don't have enough time for me to discuss the difference between 182-day and six months, so I'll say six months and theoretically October, November, December, January, February, March -- the first of April, I guess, your certificate of deposit would be due. Now, these are issued now under government regulation because there are severe penalties that the government enforces if I have to withdraw it before the six months is up. Theoretically the financial institution can breathe easily and say, "Okay, I've got your money for six months; I ought to be able to invest it in high income investments and therefore I should be able to pay you a higher income on it." And that's the case. The certificates of deposits come in various [time durations] -- six months, a year, four-year, year-and-a-half, two-and-a-half year. The interest rates they pay, with a differential between the savings and loans and the banks, is geared to recognizing the time within which your money is frozen in that investment.

The money market certificate is another type of animal that has come out recently. A money market certificate is nothing more than a certificate of deposit, but the rate of interest that is paid on a money market certificate depends upon the rate of interest being paid on United States treasury bills. Now, a United States treasury bill is the way the government borrows money for short terms.

A treasury bill is a United States debt of five years or less . . . or, no, of one year or less. A treasury note is a United States debt. By that I mean you buy the note -- you'll see that in a minute -- [for] less than five years' term. A bond is a United States debt in excess of five years. The government sells treasury bills when they have a bunch of bonds coming due all at once -- four or five billion dollars of them -- and they need money quickly. They sell short-term money, and the rate the government has to

COX: pay for that short-term money varies with the money market. And now the financial institutions are permitted to issue money market certificates the interest of which is geared to whatever the government had to pay for its money that week. I believe it's [on] Wednesday [that] the rates change. I'm not sure.

FH: Now, money markets don't come in less than $10,000, do they?

COX: I believe that's right. The money markets. That's right. I'm not sure of that really. I do know that the C.D.'s have lower denominations. By the C.D.'s I mean the ones that go a year or more, like two-and-a-half and three years.

FH: I think you can get them for a thousand.

COX: The minimum amount that you have to put up to get these kinds of investment depends upon the particular institution. The financial institution with whom you're dealing has the power to say, "I won't sell you one for less than so much amount." Of course, because Fords and Chevies and Gremlins all compete with one another, what you can get is very similar with all of them because they all have to compete with one another.

FH: Now, the building and loans and the Morris Plan are not equipped to lend high denominations like $100,000 or more, are they?

COX: Well, that's . . . no, that's not quite true. As a matter of fact, the buildings and loans or savings and loans probably have less restriction on how much they could loan any one person than the banks. The banks generally -- and this is true of both the state banks and the national banks -- are not permitted to loan to any one borrower any more than a certain percentage of their capital. I don't believe that particular rule applies to the savings and loans or buildings and loans. But what they can or will loan to any one person, of course, depends upon the judgment of the directors. You don't want to put all your eggs in one basket. That's the problem you run into there, so as a practical matter, the financial institution is limited. However, this doesn't mean that in Terre Haute one borrower for commercial or otherwise can't get about anything he wants. I mean as far as how much is concerned because if you needed to borrow a couple million dollars and

COX: even though that two million dollars were more than the financial institution with whom you're dealing is permitted to loan to any one person, they'll consider your loan and then go into what's called participations. For instance, the local bank if you want to borrow more than what they're permitted to loan to one person and you're creditworthy (that means if it looks like it's a good loan rather than . . . that you'd be able to pay it off and so on) why they have -- all of our local financial institutions have -- other financial institutions which they contact and say, "I have the opportunity to make this loan; I can't make it for that much." And the second financial institution says, "I will participate in that loan; you make the deal, and we will put up the money that's necessary to give the borrower what he needs in excess of what you can do." So the two financial institutions cooperate. That's called participations.

FH: And the regular percentage of repayment is divided in like manner, I presume.

COX: I don't know that . . .

FH: If I borrow $50,000 from one place and $10,000 from another and I repay it by the month, percentagewise so much goes to one and so much goes to the other?

COX: Well, no. What they usually do in a participation if you go into the Terre Haute bank and want to borrow $10,000 and if $10,000 is more than they could loan and they -- I'll say, "farm out" or -- get an Indianapolis bank to participate for $5,000 of it, you may not even know that the Indianapolis bank's in it. The Terre Haute bank is called the lead bank. They're the bank with whom you deal. The participation agreement /is/ by the terms of that /bank to which/ you make your monthly payments. When you make your payment to the Terre Haute bank, it then shares those payments with the Indianapolis bank.

FH: Now, there is such a thing as borrowing on name?

COX: Well, yes. I should say it this way. Anyone who borrows borrows on his name, but I think what you meant by the phrase is borrowing on your name and that's it. Or borrowing and putting up security or collateral. For instance, if a person wants to borrow money and the bank knows the history of that person and knows that . . .

COX: I suppose if we said if J. P. Morgan came in and wanted to borrow a thousand dollars and you knew it was J. P. Morgan, you'd let him have a thousand dollars, and you wouldn't ask him to give you a mortgage on his house.

FH: It would be an insult.

COX: Well, not necessarily an insult but his credit standing is such that there's no necessity to ask for collateral. Now, I mentioned the word collateral. Collateral means that if I go in and want to borrow $10,000 and I have a job and it looks like I can make the payments and all that sort of thing, but the bank realizes that my financial requirements are tight enough -- and this is what's generally the rule -- that (I don't know whether you'd call it discipline or not. But they want to be sure I don't go over my budget, and so they . . . and also /to/ reduce the risk, if I do go over the budget, of not being able to pay at all) they take either a mortgage on my house. Or I may have some stock in General Motors or AT&T and that sort of thing -- and that's called a pledge -- I say to the bank, "You may hold my stock in AT&T and General Motors, or I will write you a mortgage which says you have a claim on my house if I don't pay it off." Then if I cannot pay it off, why then theoretically they could foreclose on my home and have it sold to pay my debt.

Being prejudiced in favor of financial institutions, I hasten to say that a foreclosure generally is the last straw as far as the financial institution is concerned. In the panic years of 1929 and '31 I've already made reference to the fact that when people couldn't pay and the bank had mortgages on all this real estate and they couldn't liquidate it -- even if they foreclosed the property, nobody wanted to buy it -- that was the problem. But a foreclosure is a failure because it's not attractive to the borrower. It is really not attractive to the financial institution either. Most all of the financial institutions, I would say, would work with most borrowers to try and avoid the necessity to do that. For instance, if I had a mortgage on my house and I couldn't pay and I either were trying to sell the house or if I could make some arrangements for time and so on and it looked like I was still in good faith and diligent and tried and wanted to pay it off, most all of the financial institutions

COX: [would] work with me. Sometimes a person will toss in the towel and throw up his hands and say either I won't or I can't; forget it, why . . . . I'm making speeches now; that's wasting your time.

FH: (chuckle) The financial institutions in Terre Haute are restricted to doing business in Vigo County, is that correct?

COX: Well, you very seldom get a lawyer to say yes or no, so I'll say yes and no.

The financial institutions of both kinds are generally restricted to the financial marketing area. Now, having said that, what does that mean? Savings and loans, for instance, in Indiana are permitted to have branches in other counties. As a matter of fact, Mutual Federal has a branch in Sullivan, and Central Federal has branches in Rockville and Clinton. National banks and state banks are not permitted to have branch facilities outside of their county. Now, there used to be regulations that prohibited financial institutions loaning money across state lines. That's no longer the rule, but it's a distance area. Financial marketing is not the right word, but what it means is the area of service capacity of the financial institution generally is where they're limited.

FH: What about banking hours? They've changed over the years. [It] seems to me the banks used to be open 'til four o'clock in the afternoon.

COX: Yes. I worked in a bank one time and we were open Saturday and we were open . . . I think when I finished, we were still working Saturday and I think we were open until 3:30, but it may have been four or a little earlier than that. But the banks now . . . I will say this about the banks now generally in Terre Haute (although there are exceptions; it's an individual matter). But generally I think the banks are open five days a week until 2 o'clock except Friday which is at 5; then generally [they are] not open on Saturday. I believe there may be one of the savings and loans that might be open Saturday, and I believe the savings bank is open later some days. I'm not real sure of the details. But generally it's 2 o'clock the five days and no Saturday openings. There is regulation, however, as to when they can close.

COX: You see, when a financial institution is not open . . . I'm not talking about being open past 2 o'clock or something, but if you wake up some Monday morning and a financial institution is not open, that's a difficult thing for the entire financial community -- remembering our panic days. Because nobody knows why it's not open -- whether it's [not] open because it's in trouble or whether it's not open because they didn't feel well that day. So we have regulations, and I don't remember the . . . . [I] don't keep in mind the details, but I'm going to say this just as [an] illustration, not specific. For instance, there may be 7 or 8 holidays through the year that the banks are permitted to close because of the holiday. The same thing's true of savings and loans. You may have gone up and down the street and found a little sign hanging on the bank door on one of the closed days. It'll always say I'm closed because it's Washington's birthday or something of that sort. I'm not being supercilious, but I do think as to Washington's birthday and Lincoln's birthday . . . I believe at one time at least, you could close one one year and one the next. But the supervisory authorities regulate when you can close.

FH: This question of the closing of the banks brings back again to before the bank holiday. The reason for the bank holiday was the run on the banks. I think we did not stress this.

COX: Maybe I didn't. I mentioned there was a financial panic. People wanted their money now. They wanted -- and this was literally true -- people wanted their money to put it in the mattress at home and hang on to it. Because they didn't know what tomorrow was going to bring or this, that; and . . . once, in some of the institutions, the depositor would go in and find they didn't have the money there . . . why then it just takes a suspicion and you start a run. When one depositor goes in and . . . I know these things happened -- where they were told if you will just give us another hour, the bank had made arrangements to get some more cash. But when you tell a depositor that -- when his bank tells him, "I want another hour. I don't have . . . the cash drawers don't have it," -- then he goes out on the street and says that; why then a panic is born. And if you think gasoline will start fire if you put a match to it quickly, there's nothing like a panic.

FH: As I understand it, that panic really started in Europe.

COX: I think that's true. I think that's true.

FH: In England.

COX: I think that's true. I'm not sure of that, but I think that's true.

FH: Again, when the banks were reopened the next day after they were closed, it was on a restricted basis, wasn't it?

COX: Well, there were two bases. The reason I say this is /that/ I'm proud of the Terre Haute First National Bank. It was open unlimited. There were a group of banks that were able to open within the . . . I thought it was 48 hours. It may have been the next day at the same time. They generally had these restrictions as to what depositors could get. . . . The ones that were open /were put/ on a restricted basis for a while -- and I think this is possibly the reason it took 14 days rather than three or four to get the opportunity to review it. But the banks that were open /were/ on a restricted basis before all banks were permitted to open. Of course, anybody could get to the safety deposit boxes. You see the safety deposit boxes in a bank are nothing more than safekeeping rental. So that they could open the doors so that you could go to your safety deposit box, but you weren't really doing banking business. And then in addition to that, there was a time -- and I believe it was near the end of February, within a week or so -- that you could open and permit the depositors to take not more than they had deposited within the last five or six days. I don't remember the dates. And the idea of that in the regulation is that, theoretically, /since/ the deposits had been made immediately preceding closing all of the banks, (1) the bank ought to still have the money, and (2) those depositors ought to be given an opportunity to get their money back before a depositor who had had his money in there.

Now the third type . . . there was a third basis . . . .

FH: They could withdraw money for absolute necessities -- payrolls, and groceries and so on. Also, money could be accepted on notes, as I understand it.

COX: Well, yes. Yes. It would be a happy circumstance for not only the bank but also its depositors if I came in and wanted to pay a thousand dollars that I owed the bank. That would be great because one of the main problems was the bank not being able to get the money that people owed it. (chuckles)

FH: Now on March 9 [1933], during that period, the Emergency Bank Act placed an embargo on gold. Do you remember that?

COX: Well, generally I didn't remember that it was the 9th, but I know it was a few days. The embargo on gold, which incidentally was never released until here within the last year or so . . . . The idea then was it prohibited, really, individual ownership of any gold other than for teeth and jewelry and that sort of thing. The idea was to try and prevent hoarders or people in those trying times [from] trying to sop up all of the gold and removing it from circulation. Another facet there [which] we used to have, [but] which no longer exists [was]. . . I'll call it a gold note. A ten-dollar bill. On the back side of it the seal was yellow. That ten dollars entitled me to ten dollars' worth of gold if I presented it to the bank or anyplace else. The embargo, of course, obliterated (chuckle) my right to get the gold; and there were enough gold notes out in the country to have really dried it up. And, of course, as you mentioned earlier, this financial panic was not just this country. It was worldwide and the idea of protecting the gold reserves of this country was most important, too.

Actually, when I mentioned that, wasn't it -- here again, my idea of time's no good, but I think most anyone [who] hears this will remember it better than I do -- but hasn't it been within the last two years [1974] that Congress has released the prohibition against people owning gold and this is the reason why you can buy these gold medallions and things for investment? The gold coins of this country . . . it's rather interesting. I ran across this . . . of course, the government quit minting gold pieces. There were the 20-dollar gold pieces and the 5-dollar, and the two-and-a-half dollar. They quit minting them for a period from the gold embargo time in [19]33, and they're still not minting them to my knowledge. The government is minting a gold coin to compete with the South Africans, and they're available. But it is not a coin intended to circulate as money.

COX: Well, I'm maybe wasting your time, but I did run across this -- that [during] the period from 1933 until (and I think they've not yet begun) there were no gold coins minted. But this is not to say that in the coin market you cannot get a 20-dollar gold piece -- either (what is it? the two kinds we have) the folded wing eagle [or] the eagle with the wings spread. One of them's Gauden or something. Anyway I've seen those gold coins dated like in 1946 and '7 and '8, and they are produced generally either in the . . . . I don't want to be accused of being specific, but I think it's the Israeli and, I believe, [the] West German-market-produced replicas of United States gold coins, and [they] sell them as such. It's really not too much of a ripoff, actually, because there's enough gold in it -- at the prices they are now -- to be worth what you normally would have to pay for it. But the interesting facet of it is that I had one of these and took it into a fellow who knew money, and [he told me] there's no way you could get a United States gold piece minted in 1945. They weren't being minted, but I saw one and . . . . I'm wasting your time again.

FH: No, you're not. It's interesting. Many individuals have a few gold pieces. I know my mother had some.

COX: Oh, yes. She didn't have . . . . Well, let's put it this way. The Embargo Act supposedly said you were supposed to turn in your gold, but you were permitted to keep heirlooms. I suppose, theoretically, if I had 10 or 15 thousand dollars of gold coins, why that would be somewhat more than an heirloom. On the other hand, gold coins were commonly used as prizes, and they were commonly collected as keepsakes. So there was nothing wrong in keeping gold coins in that category.

FH: Now what about financial institution advertising?

COX: Well, just like 'most everything the financial institution does -- and that [includes] both savings and loans and banks -- their advertising is under the supervision of their regulatory body. I won't say that it's regulated in the sense that they're told they can do one thing or can't do another. But it's under the supervision, [for] the savings and loan, [of] the federal home loan bank and [of] the department of financial institutions for the state people, or the comptroller of currency for the national banks. By supervision [I mean] if an advertisement is misleading in any way, why

COX: then it can be prohibited, and the institution can be penalized. The supervision is normally at the behest of the competitors. Now, one might say how can an advertisement for a financial institution, which is rather prosaic (you can't get a beautiful girl in a tiger costume sitting on the hood and make it look like somebody else's advertisement) . . . well, the way they are misleading, or can be misleading, is in advertising the interest rates, for instance.

If you can remember your arithmetic to illustrate this point, I suppose if I have a hundred dollars and I'm going to pay 5% interest for the year, I owe $5. Now then, add to that . . . supposing I'm going to pay 5% on $100, but the bank says, "Fine. Thank you very much." They give me $95, and I pay my interest in advance. Well, the bank has earned $5 on $95 which is more than $5 on $100.

Or, supposing . . . well, these advertisements go both ways. /For instance, it is/ how much I pay if I'm borrowing or how much they pay me if they're paying me on my deposit. Or supposing the bank says, "I'll pay you 6% interest on your $100." And come New Year's Eve at the end of the year they give another $6, and they've given me 6% on $100. But supposing they say, "Ill give you 6% interest, but I will compound it monthly." That's easy because 6% is 1/2% a month. So, what they do, they deposit to my account 1/2% which would be $3.00 -- no, it would be 50 cents. So my $100 at the first of February is not $100.50. And I've earned more money because I can use that 50¢ and don't have to wait for my $6 until the end of the year.

Now, you've seen ads where the advertisement will say, "We will pay you . . ." (I'm trying to use figures not to be misunderstood as talking about anybody) but supposing they say, "We'll pay you 6%, but we'll compound it daily which has an effective yield for you of" (and this figure means nothing; it is just illustrating it) "7.96%." Well, compounding $6 . . . instead of a half of a per cent on a month, they put a fraction in each day so my account builds up. It may be I'm actually earning 7.96%, but if I computed wrong and it's 7.93%, that's a no-no because I have a misleading advertisement. Some of it would mislead most of us. (chuckles) We wouldn't be able to understand it anyway.

COX: And then another way you can have misleading [advertising] is [that] there are 365 days in a year except February which has 28 or 366 days in leap year. But we might decide we're going to compute our interest on a 360-day year rather than on a 365-day [one]. All I'm doing here is just mouthing principles [to show] that generally, yes, the advertisements of the financial institutions are very carefully supervised. The supervision is designed to be sure that the advertisement is exactly what the bank will do and it stays within the limits of the . . . . See, the interest is controlled, too, and it stays within the limits of how much interest they can pay.

FH: Well, there are practically no violations of that.

COX: (laughs) You'll never get a lawyer to say yes or no. (more laughs)

I will never say there are no violations. I would put it this way that most of the advertisements are <u>bona fide</u>. Most of them are in good faith, and such errors as exist normally are errors of computation. I don't know of any institution who would do itself any good to intentionally try to mislead. So, yes, you're quite right. I'm not going to say there aren't violations, but then they're usually errors.

FH: Now, all this fluctuation of interest both on loans and on paying out on deposits are very confusing right now for people, I think, and probably are for the financial institution. Disrupting.

COX: Of course, from the financial institution's standpoint it's very frustrating. From the consumer or the depositor or the lender's standpoint the regulations are all designed to make it as easy as possible for the borrower to know what he's doing. For instance, there are all kinds of legislation. The Truth-in-Lending Act, as it were, is a statute that says when I go in and borrow money, generally, the financial institution has almost a checklist that it's got to go through. It's designed to tell me that even though it looks like it says I'm paying 6%, as a matter of fact, my effective rate is going to be 8½% because of these things. So the idea of that is to try and be sure that the borrower knows what he is doing. The same thing is true in mortgaging. When you are going to get a mortgage on

COX: your home, why the long -- we call it a disclosure statement that has to be shown to the borrower . . . and as a matter of fact (and this is true in the buying and selling real estate market which is closely related to mortgaging) there is a period of time -- three days -- in which a person under some circumstances can change his mind. In other words, in consumer goods, if the fellow comes to your front door and sells you a set of books and then the next day you thought that was a mistake, you've got a period of time -- generally, it's three days -- in which you can change your mind. Those rules and laws are designed to try and remove the problem of complexity. Whether they do that or not . . . I don't know whether we'll ever get perfection, but that's what they're trying.

FH: By and large, all of these rules and regulations have made financial institutions much safer than they were before the Depression, let's say.

COX: Well, these rules and regulations paint with a broad stripe. What I was talking about are the rules and regulations so that the borrower or depositor can be informed. The provisions that have been made to try and reduce the risk of financial institutions' difficulties are of a different type. They do exist.

For instance, the Federal Savings and Loan Insurance Corporation /and/ the FDIC /Federal Deposit Insurance Corporation/ are organizations designed to reduce the risk to the depositor insofar as the difficulty the institution may have. The Federal Reserve System which has . . . incidentally, not only national banks but many of the non-national banks are members of the Federal Reserve System. It provides clearance and provides funds that can be borrowed. The Federal Home Loan Bank, for instance, under which the savings and loans operate has a tremendous capacity to loan money to a savings and loan quickly so that it can get the cash in that cash drawer. There's plenty of property there, but if we need cash quick, they can do that. In order to provide these funds, the financial institutions themselves are significant in supporting it. Both the Federal Reserve System and the Federal Home Loan Bank require that the financial institutions carry sizable deposits. In other words . . . another way of saying /it is/ that the financial institution has to keep some of its cash in the Federal Home Loan Bank or the Federal Reserve System's cash drawer so that if you get into an emergency,

COX: it's available. So those things (and here again, being of a banker's family) . . . whether that makes a sounder institution or not is another question. The institution's soundness depends upon judgment, but in reducing the risk, yes.

FH: But will all that and $100,000 protection for depositors, there's very little chance that we ever again would have a run on the banks.

COX: As I said a minute ago, a lawyer never says never, but I would come as close to saying never on that as you'll get me to say. Yes, I think that . . . I don't think we can have a repetition of that. We've fixed that up.

FH: Now there's one more thing we want to talk to you about. Since we are supposed to cover transportation in these interviews, you were telling us before the interview about your experience with trains.

COX: Well, yes. Transportation from Terre Haute's viewpoint is interesting because transportation over a period of the last 30 years has been in a complete revolution. The automobile is responsible for it.

For instance, it may be that the OPEC people will bring us back, but nowadays most people when they want to go downtown or go to Indianapolis or Chicago will either drive or fly. But we had some interesting transportation facilities here, including the two riverboats. We were a stop on the riverboat bit -- the <u>Reliance</u> and . . . there were two of them.

FH: <u>Reliance</u> and <u>Reliable</u> and the <u>Winner</u> and the <u>Welcome</u>.

COX: Well, okay. There were four of them. My history doesn't go back to the time where you could take commercial transportation on the river, but certainly we've had plenty of junior proms and dances and things on those boats that were tied up down on the river.

But the trains. You mentioned the trains. The C. & E.I. came through here and . . . to get to Chicago now -- assuming we're going to utilize Allegheny and everything else -- it takes you 15 or 20 minutes to get out to the airport; it takes an hour or an hour and 10 minutes to get to O'Hare; and it takes you another hour and a half, if you're lucky, to get downtown. You've

COX: blown close to three hours and so on.

END OF TAPE 1

TAPE 2--Side 1

COX: Well, if you wanted to go to Chicago on a train in 1939 and you had an appointment in Chicago during the day, you could go up to the station up there at the intersection of the two railroads -- I don't know whether we've still got the east-west railroad, but it's up there on 9th [Street and Spruce Street] up in that area. Union Station. They would put a sleeping car on the siding in the station. You didn't have to walk around the baggage area either; it was sitting right down on the platform. I believe, as I remember it, it was available for occupancy at 8:30 in the evening. You could get on the sleeping car; go to bed; and then along about 11, or about 12 or 1, they would pick the car up. The train would pick the car up on the way from Florida or Evansville to Chicago, and they humped them very carefully. I've been on it, and they never woke me up. They hitched it on very carefully. The car would arrive in Chicago, oh, maybe 5 o'clock in the morning or something. They would park the sleeping car in the Dearborn Street Station and leave it (not wake anybody up) and you could stay on that car as late as 9:30. You would get up when you were ready and . . . of course, the accommodations in the sleeping car included bathroom and shaving washstands and that sort of thing. So you would shave. The Dearborn Street Station was, I was going to say, a 25-cent taxi ride (chuckles), but I guess it was, in those times, to where you wanted to go. And that cost you . . . that would cost you maybe between $5 and $6. You could go to Chicago, if you wanted to spend the one day on, I think my wife called them, the Shoppers' Special. But it would come through town about 6 [a.m.], I think, or 5:30 or 6 in the morning. There wasn't a sleeper facility available, but that was $7 or something. And it would get you to Chicago. It was only about a 3-hour run to Chicago and get you there maybe 8 o'clock or so, and you could shop, and then you could get a train home from Chicago about 4:30 in the afternoon and be home by 7:30 with a dining car and that sort of thing. And you haven't spent any

COX: more time that you did on . . . . The other types of transportation that I remember that I am sorry that we don't have now, and I'm not so doggoned sure we might not go back to it and that's the interurban.

Indiana . . . I know Indiana /was/ -- and I suspect a number of the midwestern states were -- just interlaced with interurban lines. An interurban is an electric car that would travel about 70 miles an hour. You could go from Terre Haute to Indianapolis, to Clinton, to Sullivan, to Lafayette, to Richmond, to Evansville. And they ran right down the streets and some of the older people remember the streets they ran down, especially if they lived on that street.

The station in Terre Haute was located behind the line of buildings on the north side of Main Street between 8th and 9th /Streets/. That area . . . now it's a parking lot. And the arcade facade was . . . well, it was an arcade. You could go in there, and the cars were all parked in that field. They came from Indianapolis normally down Main Street and turned right and went up into . . . . The car was a long car. In fact, turning right on the city streets . . . I don't imagine you could do it nowadays because the front end of the car and the back end of the car would hang over in the traffic lanes as you were turning and the trucks, the wheels would squeal. I know my law partner lived in Sullivan and was in this law firm in 1925, and continuously for six or eight years he commuted from Sullivan to Terre Haute on the traction they called it, the interurban. They were quiet. They were clean. I think the Indianapolis interurban . . . you'd get on it here between 8th and 9th just north of Main, and the express would stop once in Greencastle and in an hour-and-a-half or an hour and 35 minutes (including the stop at Greencastle) the interurban would end in Indianapolis immediately across the street from the State House. That's where the station was in Indianapolis so it was ideal. As a matter of fact, I went in 1939 to take my bar exam on the interurban over there.

The other types of transportation I think are of interest in Terre Haute include the jitney. A jitney's a nickel. We did have our street cars, of course, and the jitneys I would say would supplement the street car because the street car stayed on the tracks, you hoped. It had a route where the tracks went. The

COX: jitneys would go where streetcars didn't, and they weren't so private as a private taxi. Because a jitney . . . usually they were available up on the streetcar lines, but then they would take off in different directions. I guess it's like during World War II; it was a share-the-ride sort of a deal. The jitney would carry two or three people, but it was a nickel; and you could just go anywhere you wanted to in the jitneys. The streetcars, of course . . . the interurbans used the same tracks insofar as down South 7th Street and North 7th Street up toward Clinton and east towards Indianapolis. /By/ that remark I mean they used the same streetcar tracks /on/ those lines. There were streetcar tracks, of course, other places where the interurbans didn't go. Because the interurban, as its name implies, was a way to get from Terre Haute to another town rather than someplace in town.

The streetcars . . . well, one of the things . . . an odd thing to remember about the streetcars is that I never could understand how the policeman that stood in the middle of the street with a stop-and-go sign kept from getting hit. And he only kept from getting hit by the streetcars by a matter of two or three inches. Mr. Green, the policeman was at . . . there wasn't a car there, but he was at 6th and Ohio /Streets/. McLaughlin, I think McLaughlin was at 7th and Main /Streets/. We only had about six or seven policemen.

FH: What about /Henry/ Rickelman?

COX: Rickelman walked the beat. Rickelman . . . he was a tall fellow. In fact, my first criminal experience was with Mr. Rickelman.

I've seen him within the last five years, but Mr. Rickelman arrested me. I was 12 years old, and I was downtown with my mother. She was letting me drive the car, and he stopped me. The policemen all knew everybody and knew who they were. He talked to my mother, and my mother was up to it. She told Mr. Rickelman that she had a broken ankle and had to get downtown so he told me to go home and don't drive again which, of course, I didn't.

FH: Was this an electric?

COX: No. This wasn't. This wasn't an electric. This was, as a matter of fact, a Chalmers. But the electrics. Yes, we should mention the electrics. There are some people [who] called them radio wagons. (chuckles) Or show cases. The electric itself (and we're going to come back to that) . . . I remember some of my friends who had them. The electric was a vehicle that looked like a cigar box on wheels. It was powered by storage batteries. Both the front end and the back end of the electric looked like the trunk area of an automobile, and so it was because it had the storage batteries. The cab of an electric was a beautiful thing. It was a space of maybe four feet by four feet square. The roof was high enough in the air that you just walked into it. You didn't lean over. The door opened. And the reason they're show cases, they had paned glass windows around. So here we are in an electric, and I'm going to be the driver.

I sit on a couch that goes across, not the front side, but the back side; and at the back left there were two handles. They were levers. They came out of the left side of the wall. And they usually were stored by standing up against the wall. But you would pull them down so that I sat with those in my lap in front. One was the steering, and that was the bottom one. And the top one was my power. On the end of it, it had a little pearl button which was the bell. In order to go . . . I also had a pedal on the floor that was the brake. In order to go -- to go straight -- you had the bottom lever half between your knees and your stomach. Then the top lever, to go forward, you pushed it forward, and it started to go forward. In the center, it was in neutral or you pulled back to reverse; and you steered.

Now, the other characteristic of the electric (I said we had a couch along the backside) . . . in the front left corner faced angular in was an overstuffed chair, a chair upholstered. In the right front corner was another chair faced three-quarters of the way in so that the group of four could sit and converse with one another; because if I were driving, I had this window pane in front. Of course, I'd be looking by the person who was sitting there. They had -- the ones that I remember - in each corner had a little vase, or "vahz" depending upon what side of the Alleghenies you're from, with, usually, fresh flowers in them. And that electric

COX: would . ... oh, and in your garage if you had an electric, oh, I expect . . . well, I know it would run all day long because I know friends of ours who had them. But then they would hook 'em up to the battery charger and let the battery charge all night. And I do remember many, many winters like . . . well, Mrs. /Ed/ Fairbanks had one. Mrs. /C.J./ Root /as well as Mrs. George Buntin, Shannon Buntin's mother/ had one. I've driven and ridden in both of them, and various and sundry people . . . . But quite often I do remember in the middle of the winter when you couldn't get your gasoline engine automobile going . . . why, the electric, it would go in any kind of weather and that's the electric.

FH: As I understand it, they went 25 miles an hour and would go 60 miles on one charge.

COX: That sounds about right. I don't really know that, but that sounds about right.

FH: I think Mrs. Fairbanks, Mrs. Ed Fairbanks, was the last person in Terre Haute to have an electric.

COX: She might have been. I grew up at 5th and Oak /Streets/. She lived at 6th and Oak, and it's her car that I drove more than anybody's.

But the other types of cars that they had that we may have again is the Stanley steamer. That was an automobile /which/ literally ran on steam. The steam engine. They had what's called a flash boiler. You heated up a plate, a steel plate or iron plate. And then in order to get it started, it would sprinkle or spray like atomized water on the plate which immediately made steam quickly so that it only took you . . . oh, my recollection is that it took you ten seconds. But I am sure it would take five minutes to get the thing heated up. The Stanley steamer -- Mr. /Bruce/ Bement had a Stanley steamer. He lived down at 5th and, I'll say, Deming /Streets/ where the school is. There's a school down there now. The Stanley steamer . . . the gasoline was terribly expensive. I remember that when I was first . . . I had a 1927 Chevrolet. I'd pay . . . I remember we paid 15¢ a gallon for the gas. There were other gasoline companies I'm sure, but Standard had Standard Red Crown and Standard ethyl, which had a white crown. And then /there was/ Standard White Crown, which was nothing more than kerosene. Your gas pumps had a

COX: handle on them that you pumped by hand and a glass cylinder so you could tell how many gallons you had because the gas would go up into this glass cylinder; and it had a gauge on the side that was one, two, or three gallons. Then it would run into your tank from there.

The automobiles also had, what I call, gravity feed for their gasoline. You'd have to back them up the hill if they were not full, especially this '27 Chevy I had (chuckles) and the Fords, because they didn't have gasoline pumps in your automobiles. So that if you were going uphill and your gas tank was lower than your engine, the gas wouldn't run into your engine, and you couldn't do it. So you . . . that was easy. You just turned around and backed up the hill until you could (stifled laughter) . . . well, I'm wasting time again.

FH: Is there anything else you'd like to say about the banking?

COX: No, I don't . . . I do . . .

FH: What about the future of banking?

COX: Well, I don't . . . first, banking and financial services is a necessary service insofar as any commercial community such as we have and are getting even more complex if not less so. Insofar as the types of financial institutions we have . . . and there's a great deal of argument on this so maybe I'll have people who disagree with me, but I think we're headed to the time where we will not have different types of financial institutions such as we have now. The legislation now has begun to obliterate many of the distinctions between, for instance, the savings and loans and the banks.

The NOW [Negotiable Order of Withdrawal] account that I think our local savings and loan institutions may well come out with after the first of the year because at least under the regulations they're permitted to. You remember I said a few minutes ago that if a person has a savings account, normally that person, the depositor, is the only one who can draw money out of it. He can't give somebody else a piece of paper like a check and let them go draw it. Well the NOW account comes from the words "Negotiable Order of Withdrawal."

COX: What negotiable means [is that] it can be transferred like a check. I can hand somebody else that, [and] I negotiate it when I hand it to him. But a negotiable order of withdrawal is tantamount to a check, and the savings and loans are going to be permitted after the first of January to perform that service. So the only point of that remark is that the supervising authorities have begun to destroy the distinctions in the areas of performance for the different financial institutions.

Competition itself will force them all into the same bailiwick, and so I think that's one thing. The distinctions between the types of financial institutions, I think [are] going by the boards. As far as the neighborhood as distinct from the central facility is concerned -- branch banking . . . there has been a great deal of pressure on the regulatory authorities, for instance, to permit the banks to not be restricted to county lines insofar as branching is concerned. If that restriction is removed, one of the arguments is you have the best of both worlds. You have the big central office and then you have the neighborhood facility.

Another argument against that is that is you have unrestricted branch banking, why then the big people from New York and Chicago will swallow everybody.

The answers I don't know. (laughs)

FH: I think I saw recently an ad that said that you could combine your checking account and your savings account and they would automatically take the money for the check you wrote out of your savings account.

COX: That's really an intriguing technique. I saw this with the Lawrenceville bank. That's an intriguing technique. If you will remember we were talking about the distinction between a savings account and a checking account, and traditionally, the banks were not permitted to pay interest on a checking account. It wasn't a question of whether they wanted to or not. The theory (I think I've already discussed that) was that banking soundness required that. But this technique that you referred to -- this bank says we will take your savings account and move it over to your check-- . . . we're not going to pay interest on your checking account; we're not permitted to, maybe; but there's no reason why we can't permit you to transfer from your savings account

COX: to your checking account whatever's necessary to cover whatever check you have written. So that if your checking account has $5 in it, and a check comes in that you've written for $50, we will automatically transfer $45 over and cover that check. And if we do that, it's tantamount to giving you interest on your funds and not forcing you to leave your checking account funds lie idle without interest.

FH: Or maintaining a certain balance in your checking account so you don't have to pay for the checks?

COX: Well, that's an added feature to it. Because whether you charge service charges on checking accounts . . . although [in] this particular ad that you referred to, they also added some frosting on the cake by saying we will not require you to keep a minimum balance in your checking account. That's why I say you can transfer . . . keep it virtually . . . .

The service charge on checking accounts is . . . well, I feel . . . is to try and reduce the expense that the bank has to maintain the checking account service with the reserves that they have to maintain that they can't earn money on. I think one thing insofar as my guesstimate . . . I probably won't live long enough; it will be interesting to see what happens. I believe that down the line: #1 There is going to be only one kind of financial institution. I mean [this] from the standpoint, not [of] federal or state, but from the standpoint of the type of services it provides, and . . .

#2 I believe that the earnings of the financial institution is probably . . . it no longer is going to be based upon the interest it earns on its loans -- although it's going to try to earn enough interest on its loans to pay the interest it has to pay. (We're almost there now, you see, when you consider you can buy a . . . I saw in the paper today a 12% money market which means that the institution's got to pay you 12%, and people are, I think, rightfully distressed that they have to pay 12% or 12-1/2% on their loan.) But you see, the margin between what they're paying and what they have to pay is squeezing out the capacity to pay their [the financial institutions'] light bills. That leads me to this remark. I think your borrowing interest that you have to pay as compared with the earning interest that the depositor gets is probably

COX: going to come close to a washout, and that the earnings of the institution is going to be based on service charges. I think the day is gone when we're going to be able to expect to write a bad check -- I mean one that's returned for insufficient funds -- without having a substantial service charge for that having been done or [expect the bank] to stop payment on a check without a service charge and that sort of thing. Now, that's Cox's own prophecy. None of that has happened yet. (laughter)

FH: With the history of the many mergers of banks here to come up to where we now have five banks and the trend toward conglomerates in business, do you foresee that there will be fewer banks and perhaps no building and loans or Morris Plans and things like that?

COX: Well, first, I think (as I said a moment ago) . . . I think the distinctions between savings and loans and banks are going to leave us.

Secondly, yes. I think there'll be branching. But I think the financial institution that controls or owns the branches or the bank are going to become larger and larger because you get better efficiency that way. Along with the price squeeze . . . you see, a bank is just like a grocery store. It's selling its money for a certain price that you pay and when you [obtain a] loan, it's buying its merchandise (chuckles) with money by the interest it pays. Now, if the margin goes out and if you're going to have to base your profits on service charges, then efficiency is important. And in this computer age I think it's probably impractical for what we used to know as the neighborhood bank to maintain the computer services that are required to keep its records. In fact, nowadays it's quite common for -- and our local financial institutions participate in this -- where they hire or employ computer service from other towns to take care of that. Because it's not practical for an institution the size of some of our local ones -- in fact most of them -- to do that. So that in order to . . . size is what makes it economically feasible to invest literally millions that have to be invested in computer services that will enable the bank . . . . How does one with a quill pen compound interest daily? The computers do [in a matter of minutes] things that would take you and me even if we were experts in arithmetic, two weeks to do.

FH: In other words, then, you foresee, as I understand it, fewer financial institutions with more branches covering a wider area?

COX: Yes. I think there are going to be service institutions in the nth degree. But there're going to be, I think, fewer of them because of the size that's going to be necessary for efficiency or economy.

FH: Thank you very much, Ben. This has been an enlightening interview.

What policemen were downtown that you remember? The one that most people remember most is /Henry/ Rickelman.

COX: Well, yes. Rickelman, he had the beat with . . . and I don't know exactly where his beat was. But I do know that it included, I'll say, the downtown loop. Because Rickelman would go . . . I'm going to say from maybe 8th Street to City Hall. City Hall was at 4th and Walnut across the street from Russell's drug store there. That's an apple house or something now. But anyway Rickelman, I think, went from the City Hall on Ohio and Main and possibly Cherry /Streets/ . . . in that area -- the main downtown area. And being a patrolman with a beat, why, of course, he was well-known. Everybody knew Rickelman. And he was tall. Of course, we didn't have tall people. We grow people so much taller nowadays. The center on my basketball team was only 6 foot, 3 inches tall, and he was the only one we could find in the school that was over 6 feet. (laughs) At any rate, Rickelman was tall, so I'd say he was over 6 feet.

Then we had . . . and I don't remember exactly their locations, but I remember some of them. Now Pat Gleason is still alive; I know her. She lives in Indianapolis. There was Mr. Gleason /Pat Gleason's uncle/, of course, and he was a patrolman, too. Certainly during the Christmas holidays, Rickelman and Gleason walked together because the Christmas holidays is when everybody had some Christmas cheer for both of them. But, of course, certainly nobody would take a bribe, but that was the custom. And at 6th and Ohio was Green. I walked to school up 6th Street across Ohio at that time. The Star, the Terre Haute Star, was published in the basement there; and the Terre Haute Post was published up here where the Temple Laundry

COX: finally took it over . . . but it was published up here on . . .

FH: . . . North 4th.

COX: Yeah.

FH: . . . Just north of Wabash.

COX: Yeah. So . . . that was the Post. But the Star was in the basement, and I could look down and watch the presses go and all that sort of thing. And then when it got to be cold weather, Mr. Green operated a stop-go sign which looked like a floor lamp with no lamp on it. It had one plate like our street signs. One plate said stop, and it was red. The other one said go, and it was green. And they were are right angles, and it had a handle on it. He would just turn it so that the stop and the go would be exposed to either 6th Street or Ohio Street which was two-way. In the center of the street, in the ground, there was a hole with a manhole over it of about, oh, 12 or 14 inches in diameter. In that hole, he had a stove, a little charcoal stove. He had a handle with a hook on it that he could [use to] pull the stove out. And, of course, when it got to be morning, and it was winter, why you'd build a fire. And that's why he was my buddy, because he would let me . . . I'm sure I considered it a privilege; he considered I was stupid I guess, but he would let me build his charcoal fire. And then it kept him warm. So Green was there. Gleason and Rickelman were patrolmen, as I remember it.

Then we had McLaughlin, and I believe McLaughlin was at 7th and Main. You see we had four policemen . . . Wasn't he?

FH: I think so.

COX: We had four policemen who were traffic signals that I remember. I don't think we really needed any traffic signals anywhere else. We had [them] at 6th and Ohio and at 6th and Main and 7th and Main and 7th and Ohio. Let's see . . . I'll think of the other ones . . . . But -- and I don't really remember how big the police force was. But I don't . . . I'm going to say that there weren't . . . probably weren't more than a dozen policemen in the whole town. Because I

COX: do remember that I was picked up one time for carrying a concealed weapon. They had army surplus stores out of World War I, and I remember a friend of mine and I were walking down the street one day and saw this beautiful knife in the window. And they wanted 25 cents for it, and it was . . . it looked like . . . it was a beautiful knife. They took it away from me later, I'll tell you . . . like a Bowie knife. And my friend and I had 25 cents, and we bought it. And we hadn't gone very far (this is why I think McLaughlin was at 7th and Main) but he stopped us and asked us where we got it. Then we decided we weren't going to tell him, because we thought certainly the fellow who sold it to us would be in trouble. So . . . and I know he knew who we were. But he called the paddy wagon which was a black . . . well, some people (chuckle) call them the Black Maria. It was a truck with benches in the back end, a closed van. What McLaughlin I'm sure was doing -- because I know what happened later -- he was trying to scare us into telling where we got it so he could stop them from letting kids . . . we weren't, oh, seven or eight years old; and we shouldn't have had the doggone thing. I know that.

At any rate, the paddy wagon took us down to the City Hall, which was at 4th and Walnut. They had the bullpen, the jail, right out in the back end of the City Hall there where they would put you temporarily. They put us down there, and they kept trying to make us tell who we were and then . . . I'm going to think of his name in a minute, the fellow who was interrogating us. Freddie White was my friend's name, I remember that. He finally said, "Well now Look, Ben." He says, "If you don't tell us where you got that, I'm going to call your father."

Well, I had never told him my name was Ben. (laughter) I had never told him who I was (continuing laughter), but the police knew everybody. So once he threatened to tell my father, why that . . . I knew that whatever penalty that the police could conjure up would not approach (laughter) what my dad . . . so I told him that. But . . . .

FH: Did they let you go then?

COX: They let me go. He did say, "Now look, we're not going to do anything to whoever sold it to you except that we're going to tell them . . . in the first place we're going to take this away from you. In the second

COX: place, we're going to tell him not to do this again." And I'm sure that's about all they did.

My dad at that time was . . . his office was at 5th and Main at the Terre Haute National Bank, and I knew it would be not too long before he knew about it.

Across the street from there was the . . . not the Savoy. The Savoy was down the street.

FH: The Lyceum?

COX: No, [the] Lyceum was up here between 6th and 7th on the south side of Main. I've forgotten the name of it, but there was . . .

FH: Fountain? [It was the Fountain theater.]

COX: I'll think of it, but for a nickel you could go to the show and . . . I might mention this; they're both dead now, but I mentioned the Fort Harrison Savings & Loan. Harold Harrison was in there and his wife, Mid Harrison, who was a beautiful piano player. She played the piano in the theater. And because you didn't have sound movies, you had . . . but you had lots of Indians (laughter) running around and Mid Harrison would sit down (I can remember it now) and bang out some good Indian music (laughter) when the Indians were coming and doing that sort of thing. The problem I had was ('til my dad stopped it) Mr. [Frank] Fisbeck was the vice president over there. I could usually go in, and he'd give me a nickel, and I could go across the street and go to the show. But the problem was you just . . . they had serials. The serial would go along like, you know, like Pearl White on the railroad track or something and the train was just going to come and hew her in two, and then it would stop for next week's episode. I never realized how serials worked, so I would see it over and over again and finally go to sleep. Then I wouldn't show up at home in time and . . . . Why I don't know (laughs) why I'm doing all this . . .

FH: Was Clint Seward another . . .

COX: Oh, Clint Seward [clicks fingers]. Yeah. No. He was a detective.

FH: He was a detective.

COX: He was a detec-a-tive. Yeah. He was a detective for a long . . .

FH: He's still alive. He's in a nursing home now.

COX: I imagine . . . but he was a detective for a long, long time. And I don't remember . . . that was more recently when Bob Duffy's dad was city judge. That was more recent than this. I don't know whether I should tell this or not because . . . it hasn't anything to do with that. But I mentioned judges and then I was thinking of Bowers. (clicks fingers) Who was the fellow? He was [with the] Communist party, but I've got to say this very carefully. Communists then had nothing to do with what communists as we know them today. A communist 30 years ago was a person who believed in a particular social philosophy, but he had nothing to do with being anti-government or anything else. It was just like . . . some of them like Townsend share-the-wealth bit and so on.

At any rate, not Claude Bowers . . .

FH: They were more like Socialists.

COX: Yes. Generally, but what I want to make clear before I tell my story is that there was no criminal element like has gotten into it nowadays. But it's not Claude Bowers, it's Earl Browder. That's it. Earl Browder. He was one of the leading leaders in the Communist party. This would have been in maybe [19]33 or '34 -- someplace along in there. And he was coming to WBOW whose offices at that time were in the McKeen National Bank Building on the second floor at 6th and Main. Earl Browder was coming and (I was going to say tape, but I don't know what they did) -- I think they put it on a record. At any rate, he was going to make a speech, and he went in there one afternoon about three . . . no, it was . . . yeah, about early afternoon, one or two o'clock. And people knew he was coming, and there was an element in town that didn't want him to make his speech. So they tried to figure out how to keep him from doing it, and he was arrested as a vagrant as he went into the radio station. A vagrant normally was a person who had less than a dollar on his person and no obvious means of support or employment.

COX: Well, they changed the vagrancy law that day. They (laughter) . . . the council passed an ordinance and changed it and raised that to five hundred dollars, and, of course, nobody had five hundred dollars. But they weren't sure. You see Browder was a national character, and they just didn't know. They knew dog-gone well he'd have more than a dollar. They did that, and they arrested him as a vagrant. And, of course, he immediately applied for habeas corpus. And, who was it? Was it . . . Linus Evans, I think, was on the bench in Superior Court, and they wanted . . . (habeas corpus means you don't have a legal right to hold me, turn me loose). And they knew . . . they didn't have any right to hold him, and, face it, it was a farce. But the judge said that it was such a serious charge and of such grave consequence that he wanted to hear argument. And I remember I was just in high school then, but I remember I was interested in being a lawyer some-time so I went down there to hear it. I can remember none of them who did it, but they started in, I know, at 2 o'clock in the afternoon to argue whether or not he should be . . . that he was entitled to habeas corpus. And he had a lawyer with him from Indianapolis. But they would argue, and the judge would say . . . and somebody else would want to be heard. And the judge would say, "This is a terribly serious thing," and he wants to be fully advised. I went home for dinner at about 6 o'clock and only about half the lawyers there that wanted to make speeches had been heard. Of course, they argued until . . . he was supposed to get on the air at 8 o'clock or something at night, and they . . . I think they finally . . . about 8:30 or 9 the judge finally agreed with Mr. Browder that he certainly had been illegally incarcerated (laughter) and turned him loose.

END OF TAPE

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